

Economic Development Proviso Launch Meeting
Metrics Workgroup Activities
August 27, 2013

Objective Metrics – Discussion Summary

- 1) Good data
 - Tap into it
 - Coordinate
 - Meaningful
 - 2) Goals/Outcomes
 - 3) Define economic development
 - 4) It will take investment
- Good data (credible, meaningful, and actionable) drives good evaluation
 - Use available data collected by state agencies for evaluation
 - Collect data we are not getting now (UI & job tracking)
 - Data currently measures energy and process rather than outcomes
 - Addressing “market failure” focuses public investments appropriately.
 - Need more than raw number (not all jobs are the same)
 - Need 3rd party review
 - Programs involved or engaged in economic development are defined too broadly.
 - Define what metrics exist and what metrics are needed
 - Metrics should matter to business.
 - Especially when businesses are being measured.
 - Need empirical evidence and information about the economy and its drivers.
 - Get past rhetoric and loosely based “ROI” arguments
 - Recognize that it will cost money to tap into and analyze state data supporting evaluation and outcome
 - We need to ideally define economic success. What does this look like?
 - Create a unified business “client” reporting system.

Takeaways:

- 1) What policy or policies are needed to improve accountability and effectiveness of economic development?
- 2) What data and information is needed to drive intelligent planning, program design and evaluation
- 3) Define economic development and then identify the players and agencies involved.
- 4) What are the economic development outcomes / aspirations?
- 5) What and where are the best practices?

Objective Metrics – Idea Cards

- Create metrics that are meaningful that displays where the WEDC can improve.
- Metrics for economic development do not really exist today. We are only at a start point that needs to be established: simple, meaningful, actionable.
- Outcome based over the long-term especially for capital investments; not just short-term.
- Measureable metrics for rural and urban regions/counties that are sustainable initiatives.
- Create metrics that measure basic economic impacts with recognition of differing needs and measures in rural & Eastern Washington.

<ul style="list-style-type: none"> • Measure efficiency of processing regulatory applications with the idea of minimizing timeframes for processing.
<ul style="list-style-type: none"> • Economic disparity between urban/rural
<ul style="list-style-type: none"> • Use objective, 3rd party data
<ul style="list-style-type: none"> • Because state funding for economic development is very diversified (many small pots) need to carefully craft metrics that will provide decision makers with clear data that will help determine value without creating complicated and costly reporting requirements.
<ul style="list-style-type: none"> • Economic growth and new business is the outcome. Metrics are a way of tracking progress. Don't get this backward. Metrics are not the outcome.
<ul style="list-style-type: none"> • Do not fall into the "metric madness" trap. Pick the few that are <u>outcome oriented</u>, that answer the "so what" questions. Don't just count things because we can.
<ul style="list-style-type: none"> • Develop metrics that allow meaningful state competitiveness evaluation.
<ul style="list-style-type: none"> • Post-secondary education attainment rate (degrees and credentials) • Number of STEM degrees (Graduate & Undergraduate) • Per student funding at state's universities and colleges.
<ul style="list-style-type: none"> • Have Governor and Legislature agree.
<ul style="list-style-type: none"> • Outcome – based, no activity – based metrics • Washington set own benchmarks and measure to those similar to Oregon Business Plan.
<ul style="list-style-type: none"> • Keep metrics simple – are jobs increased.
<ul style="list-style-type: none"> • Washington has one of the highest rates of company starts and also high rate of failure. Perhaps a metric to see if red tape/reduction or regulatory reform has an impact on "high" failure rate of new companies.
<ul style="list-style-type: none"> • Make sure they are the right ones and that they can easily be explained.
<ul style="list-style-type: none"> • Measurable performance goals for the state's freight system have been developed in the Washington Freight Plan. Data and methodologies are available to track progress towards the goals. • WSDOT has measured the performance of key commuter routes for years.
<ul style="list-style-type: none"> • Remember to not expect metrics that measure on the short-term that which takes a long-time.
<ul style="list-style-type: none"> • Take time to do it right, avoiding metrics that are misguided or drive the wrong priorities.
<ul style="list-style-type: none"> • Measure revenue growth of business in Washington. If revenue is growing, jobs are growing.
<ul style="list-style-type: none"> • Credible, meaningful, actionable data to make informed policy decisions.
<ul style="list-style-type: none"> • Fiscal notes / ROI
<ul style="list-style-type: none"> • Cost for new business or existing business devoted to regulatory issues relative to cost in other states.
<ul style="list-style-type: none"> • Need to be defensible; try to measure what the state government has the most influence over.
<ul style="list-style-type: none"> • Measure "practices" vs. jobs.
<ul style="list-style-type: none"> • Unbiased creation & evaluation of milestones.
<ul style="list-style-type: none"> • Economic development policy should only be passed when a cost-benefit analysis has been conducted that clearly demonstrates a net-benefit to the state.
<ul style="list-style-type: none"> • A clear, objective, predictable, performance measurement system.
<ul style="list-style-type: none"> •
<ul style="list-style-type: none"> • Define what economic development is so you can clearly measure it.
<ul style="list-style-type: none"> • Focus on empirical evidence. What does "success" look like? What do we measure not just what we brag about. In other words: Prove your assertions of success. For example: Move beyond counting patents & disclosures – move to funding rounds, licensing revenue, jobs created on which taxes are paid. • Expansion of middle market businesses, increased market share, increased number of jobs, increase in overall tax revenue, "Bang for the Buck."
<ul style="list-style-type: none"> • Metrics measure outcomes from state investments. • Metrics measure objective of the economic development strategy.
<ul style="list-style-type: none"> • Consistent benchmarking with other states. • Local-regional/rural urban indicators should be flexible. • Measures of successes based on relationships (not easily counted) long-term.
<ul style="list-style-type: none"> • Sales tax collections • Commercial permits issued.

<ul style="list-style-type: none"> • Improve visibility and tracking capabilities across key metrics. i.e. Don't focus so much on targets (yet), but on ways (<u>tools</u>) for measuring: in real time, in a sustainable way, in a way that benchmarks can be readily tracked.
<ul style="list-style-type: none"> • Fewer. More focus on state initiatives that avoid picking winners and losers and drives money to support private sector growth.
<ul style="list-style-type: none"> • The metrics are the one aspect of current efforts that may endure for 10 years. • Align metrics with measures in other states or at the federal level - - how will we make comparisons?
<ul style="list-style-type: none"> • Coordinate the metrics for the different agencies so agencies are not going different directions and/or have conflicting measurements.
<ul style="list-style-type: none"> • Develop metrics that are understandable to the general public, and that find a way to recognize the sometimes difficulty of measuring qualitative economic development.
<ul style="list-style-type: none"> • Measure the economic impact resulting from government action to improve the economy.
<ul style="list-style-type: none"> • One-size metrics won't work for all. Be sure to design measures that can be meaningful and relevant across different communities; urban/rural; manufacturing/agriculture, etc.
<ul style="list-style-type: none"> • Establish benchmarks that are obtainable but cause us to stretch and work together.
<ul style="list-style-type: none"> • Measure 1: Jobs (employment); 2) Wages and 3) Earnings. Also consider 4) State GDP and 5) Personal income as aggregate measures.
<ul style="list-style-type: none"> • Need to be simple and easily tied to historical data to show trends. • Suggest using existing definitions of "Good Business Climate" such as Roundtable.
<ul style="list-style-type: none"> • Logic models should define and drive programs receiving state economic development funding and all of these programs should be routinely evaluated.
<ul style="list-style-type: none"> • Metrics cannot become an additional burden/regulation – must be easy to report and synthesize.
<ul style="list-style-type: none"> • Measure the employment outcomes for individuals that participate in our secondary and post secondary programs – including incumbent workers looking to do better in the labor market. • Measure earnings levels upon program completion
<ul style="list-style-type: none"> • Benchmarks: Public money should be used to leverage private investment. Stay away from economic development efforts that need 100% public money.
<ul style="list-style-type: none"> • Six Sigma DMAIC approach instead of gathering metrics post funding a project.